



# NEWS

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## FCC ADOPTS ANNUAL REPORT ON STATE OF COMPETITION IN THE WIRELESS INDUSTRY

Washington, DC – The Federal Communications Commission has adopted its Seventh Annual Report on the state of competition in the Commercial Mobile Radio Service (CMRS) marketplace. The Seventh Report concludes that in the year 2001, the CMRS industry continued to experience increased competition, subscribership, and innovation as well as lower prices for consumers, and increased diversity of service offerings. The Commission also announced that it will conduct a Notice of Inquiry on CMRS competition in order to provide the Commission with more complete data for use in next year's CMRS competition report.

During 2001, wireless operators continued to fill in gaps in their national coverage through mergers, acquisitions, license swaps, and joint ventures. In parallel with this process of footprint building, mobile telephone operators continued to deploy their networks in an increasing number of markets, expand their digital networks, and develop innovative pricing plans.

Specifics of the Seventh Report: As with previous reports, the Seventh Report bases its analysis on a consumer-oriented view of CMRS by focusing on specific product categories, regardless of their regulatory classification. This report focuses on two categories of wireless services: mobile telephony and mobile data. In addition, the Wireless Telecommunications Bureau conducted a public forum to gather information on CMRS competition prior to the development of the Seventh Report. The Seventh Report makes the following observations with respect to these categories:

Mobile Telephony. The mobile telephony sector experienced continued strong growth and competitive development. In the twelve months ending December 2001, this sector generated over \$65 billion in revenues, increased subscribership from 109.5 million to 128.5 million, and produced a nationwide penetration rate of roughly 45 percent. Broadband PCS carriers and digital SMR providers continued to deploy their networks. To date, 268 million people, or 94 percent of the total U.S. population, live in counties with access to three or more different operators (cellular, broadband PCS, and/or digital SMR providers) offering mobile telephone service. Over 229 million people, or 80 percent of the U.S. population, live in counties with five or more mobile telephone operators. And 151 million people, or 53 percent of the population, live in counties in which six different mobile telephone operators are providing service.

Digital technology is now dominant in the mobile telephone sector. At the end of 2001, digital customers made up almost 80 percent of the industry total, up from 72 percent at the end of 2000. Finally, in part because of competitive pressures in the marketplace, the average price of mobile telephone service has declined during the year since the FCC's Sixth Report, continuing the trend of the last several years. Estimates for the decrease in overall prices average from 5.5 to 31 percent depending on the methodology employed.

Mobile Data. This report describes mobile data providers and their corresponding devices in three general categories: (1) mobile telephony operators offering services primarily on mobile telephone handsets, (2) providers of mobile data access to handheld personal digital assistant (PDA) devices and laptop computers, and (3) paging carriers offering services on pagers and two-way messaging devices. The report's mobile data section first discusses the key developments and events related to these three categories of carriers and devices that occurred during 2001 and early 2002. During the past year, the types of mobile data services available on mobile data devices have become increasingly similar. Therefore, this year's report provides details on the major mobile data services available to consumers – including paging, Short Messaging Service (“SMS”), web access, e-mail and corporate server access, location-based services, and short range data transmissions.

During the past year, the mobile data industry continued to grow and to evolve. Estimates of the number of mobile Internet users at the end of 2001 range from approximately 8 to 10 million, up from 2 to 2.5 million at the end of 2000. Since release of the *Sixth Report*, several mobile telephone carriers have begun upgrading their networks with advanced wireless network technologies, such as cdma 2000 1xRTT and General Packet Radio Service, which allow them to offer mobile Internet access at speeds generally ranging from 25-60 kbps with maximum bursting rates up to 144 kbps. As of March 2002, these technologies were available in some portion of U.S. counties covering approximately 181 million people. These developments contributed to the further convergence of mobile voice and mobile data services, which was marked by the emergence of smartphone devices that combine the organizations and data-centric features of PDAs with the voice capabilities of mobile telephones. Competition within the mobile data sector is developing successfully, as evidenced by the multitude of dynamic services, service packages, and pricing plans available to consumers from a variety of providers.

Action by the Commission on June 13, 2002 by Seventh Report (FCC 02-179). Chairman Powell, Commissioners Abernathy, Copps and Martin with Commissioner Copps issuing a separate statement.

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